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REINDEER AND ELK HUNTING  
PERMITTING PROGRAM

Open Season  
PERMITTING PROGRAM



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# GAO

United States  
General Accounting Office  
Washington, D.C. 20548

General Government Division

B-249312

July 8, 1992



The Honorable Constance A. Morella  
House of Representatives

Dear Mrs. Morella:

This briefing report responds to your request for information on the timeliness of changes to health insurance coverage or plans during "open season" as requested by federal employees and retirees enrolled in the Federal Employees Health Benefits Program (FEHBP). On July 1, 1992, we briefed your office on the results of our work. This report summarizes the information provided at the briefing.

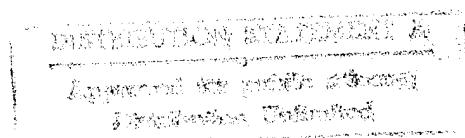
BACKGROUND

The Office of Personnel Management (OPM) administers FEHBP by contracting with insurance carriers to provide health insurance plans for federal employees and annuitants (retirees) and their dependents. Annually, from early November through early December, OPM holds an open season to permit FEHBP enrollees to change insurance plans from one carrier to another or from one level of coverage to another.

In general, when an employee changes plans, he or she completes a form stating the changes wanted. The form is processed by the employee's personnel and payroll offices. The employee's agency then sends the form to the insurance carrier. Depending on the carrier, the agency may also send a computerized list of the changes. Forms completed by annuitants are processed by OPM and sent to carriers.

According to OPM, employees and annuitants made about 247,000 changes during the 1991 open season. Open season changes become effective the first day of the first pay period in the calendar year. For most employees, the effective date for 1991 open season changes was January 13, 1991. For annuitants, the effective date was January 1.

Changes take place on their effective dates even if processing has not been completed. However, as a 1990



Justice Department personnel memorandum pointed out, delays in processing can cause enrollees to experience problems receiving services and having claims paid and can ultimately lead to the government and enrollees paying higher administrative costs.

APPROACH

To examine the timeliness of processing changes, we compared the dates changes were recorded by carriers with the dates those changes took effect. We examined 104,000 changes from the 1991 open season that 3 insurance carriers processed. We selected these carriers because of the large number of changes they processed. The 104,000 changes represented about 42 percent of the 1991 open season changes and all of the changes processed by the 3 carriers. Nearly all of the 104,000 changes were processed by 19 agencies. Data for the 104,000 changes were provided in computerized form from the carriers; we did not validate this data.

We met with insurance officials from OPM, the Departments of Justice and State, and the General Services Administration to learn how each agency processes open season changes. We selected the latter three agencies on the basis of their timeliness. We also discussed processing practices with representatives of the three insurance carriers.

We did our work in Washington, D.C., between May 1991 and June 1992 in accordance with generally accepted government auditing standards.

RESULTS

Overall, about 56 percent of the 104,000 changes we reviewed were not recorded on carriers' records by the effective date of the change. There was some difference in delayed recording between changes requested by employees and those requested by annuitants. For employees, 60 percent of the changes were not recorded by their effective dates. For annuitants, 49 percent were not recorded by their effective date. However, almost all changes were recorded within 60 days of the effective date. (See appendix I for more detailed information.)

We did not determine how much time the agency or carrier contributed to each delayed recording. However, from a general perspective, as appendixes I and II show, there were differences among agencies and among carriers. For example, changes from U.S. Postal Service employees were processed by all three carriers. But unlike the changes from most other agencies, about 74 percent of the Postal Service's changes were recorded by the

effective date. As another example, one carrier recorded nearly 67 percent of the changes requested by annuitants by the effective date while the other two carriers had recorded none by that date. The differences in recording changes suggest that some agencies and carriers may have better ways of processing changes and that information about these processing practices could be helpful to the other agencies and carriers.

On May 29, 1992, we briefed OPM's Associate Director for Retirement and Insurance and his staff on the results of our work. We suggested that an appropriate method of improving the recording times of open season changes was to involve the various agencies and carriers in a comparison or "benchmarking" effort in which the processes used by the most timely agencies and carriers are examined.

On June 16, the Associate Director said he agreed with our suggestion and laid out a three-part plan to improve the timeliness of processing changes. OPM's plan is to

- present our analysis at a conference of agency insurance officers in June 1992, which was done;
- prepare plans for improving timeliness and include such plans in the information package sent to agency insurance officers before the 1992 open season; and
- convene an interagency advisory group meeting, including carrier representatives, before the 1992 open season to begin efforts to improve the processing of changes.

In our opinion, the plan OPM laid out on June 16 appears to be a responsive approach to improving processing times.

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As arranged with your office, we are sending copies of this report to the Director of OPM, the insurance carriers under FEHBP, and the personnel directors at the major federal agencies. We will make copies available to others upon request.

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The major contributors to this briefing report were John Leitch and Delois Richardson. Please call me on (202) 275-5074 if you have any questions about the report.

Sincerely yours,

*Bernard L. Ungar*

Bernard L. Ungar  
Director, Federal Human Resource  
Management Issues

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LETTER

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FIGURES

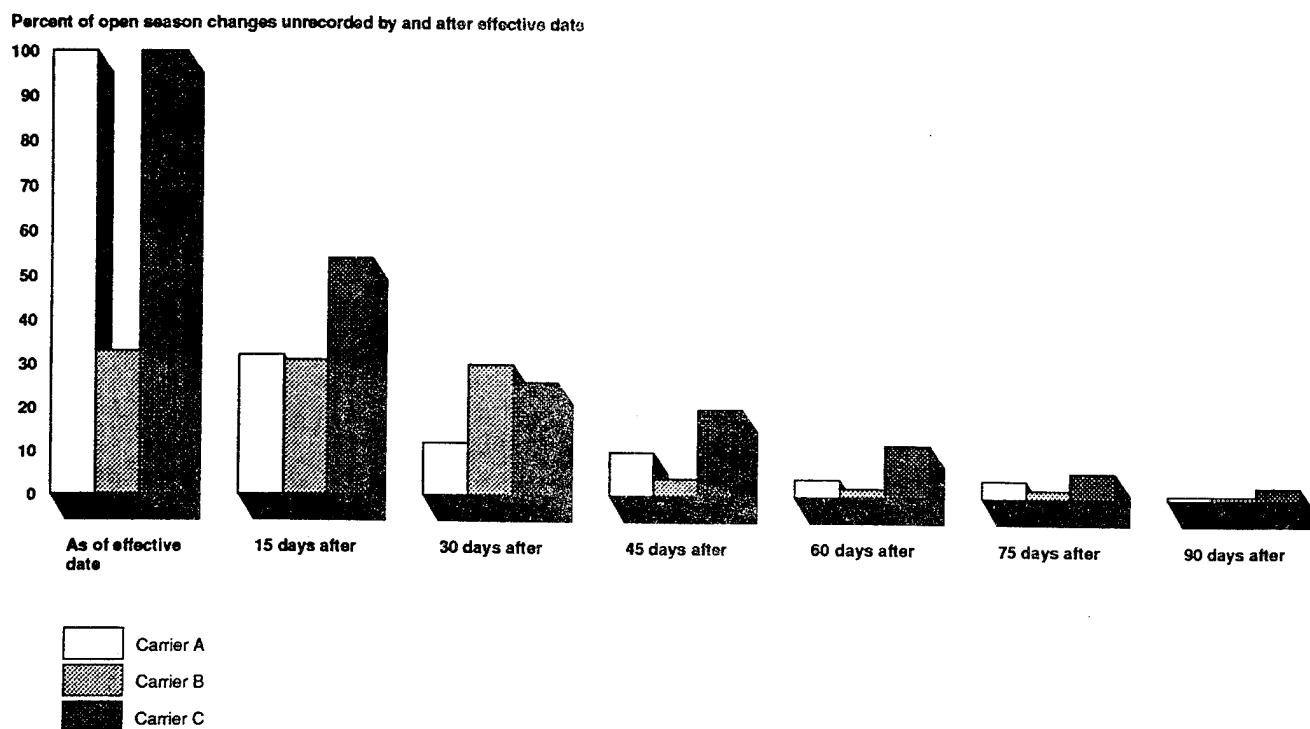
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### ABBREVIATIONS

FEHBP	Federal Employees Health Benefits Program
OPM	Office of Personnel Management

PERCENTAGE OF 1991 OPEN SEASON  
CHANGES UNRECORDED BY EFFECTIVE  
DATE--BY INSURANCE CARRIER

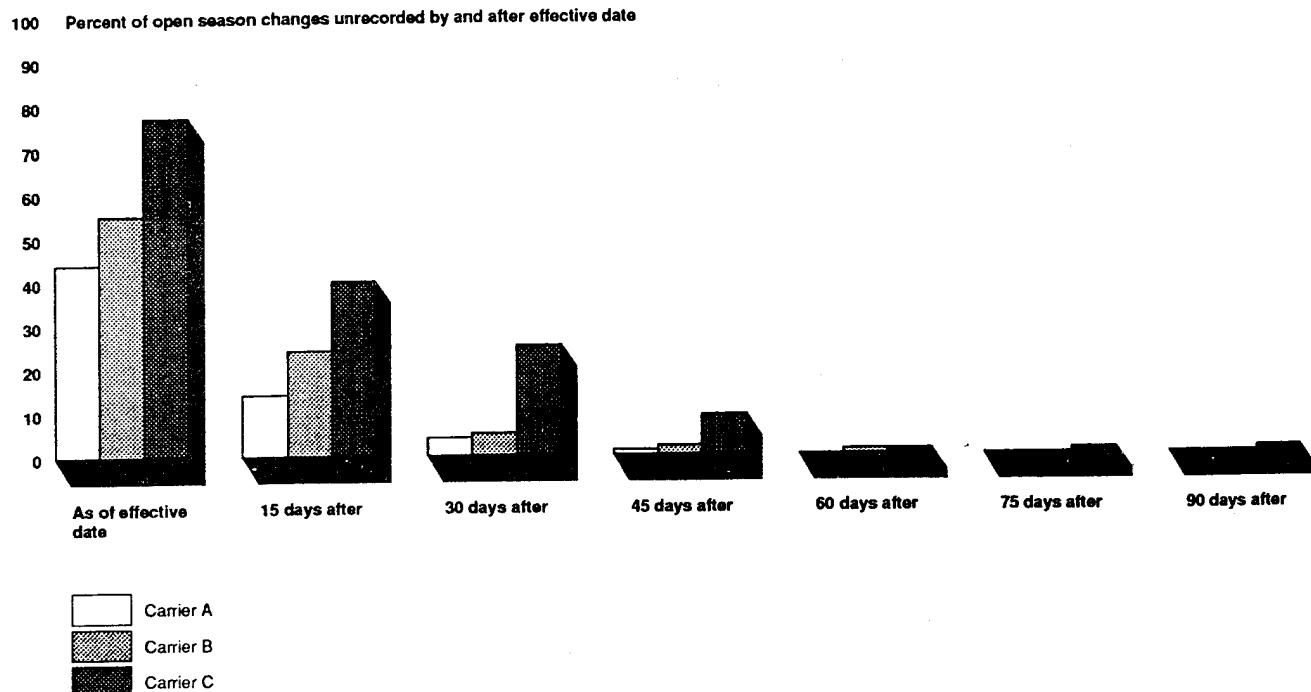
Figure I.1: Open Season Changes Requested by Annuitants



Note: Some changes were unrecorded more than 90 days after the effective date.

Source: 1991 open season insurance carrier data.

Figure I.2: Open Season Changes Requested by Current Employees

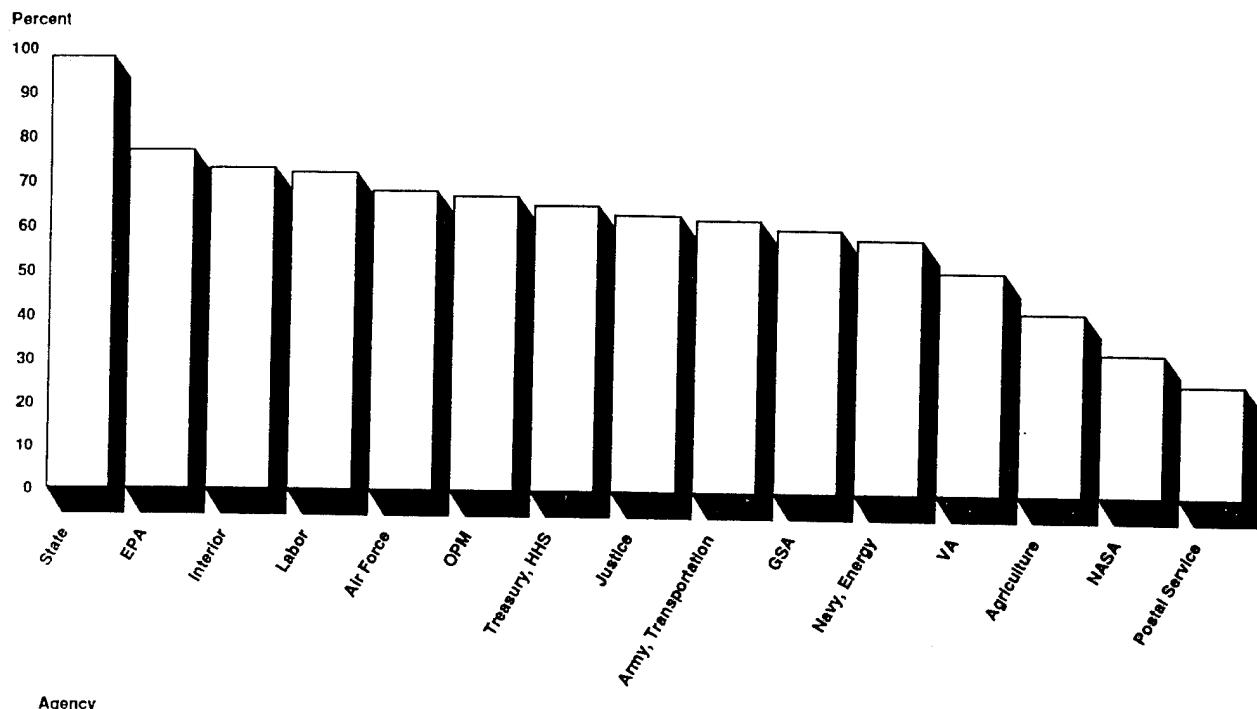


Note: Some changes were unrecorded more than 90 days after the effective date.

Source: 1991 open season insurance carrier data.

PERCENTAGE OF 1991 OPEN SEASON  
CHANGES UNRECORDED BY EFFECTIVE  
DATE--BY AGENCY

Figure II.1: Percentage of Open Season Changes Unrecorded as of  
the Effective Date



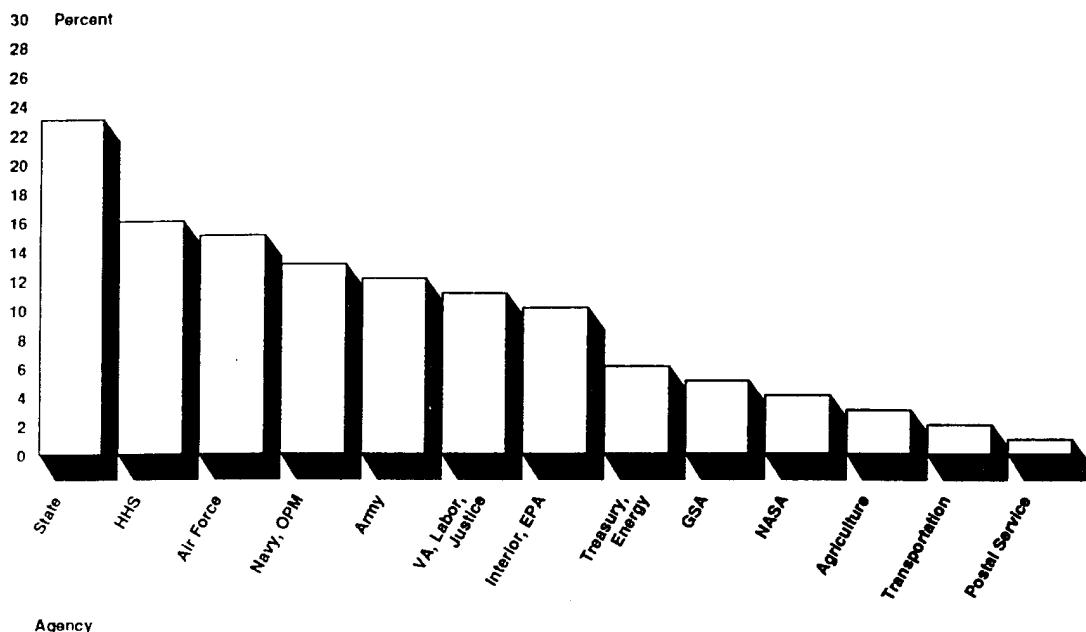
Note 1: Agriculture includes the National Finance Center, which processes changes for other agencies.

Note 2: Miscellaneous agencies and agencies with less than 100 changes are not included.

Note 3: GSA's percentage is the average of all 19 agencies.

Source: 1991 open season insurance carrier data.

Figure II.2: Percentage of Open Season Changes Unrecorded 30 Days After the Effective Date



Note 1: Agriculture includes the National Finance Center, which processes changes for other agencies.

Note 2: Miscellaneous agencies and agencies with less than 100 changes are not included.

Note 3: VA's percentage is the average of all 19 agencies.

Source: 1991 open season insurance carrier data.

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